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C O N F I D E N T I A L SECTION 01 OF 02 THE HAGUE 000450

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SUBJECT: NETHERLANDS: DUTCH POSITIONS IN ADVANCE OF JULY
GAERC

Classified By: Acting Political-Economic Counselor Shawn K. Gray for re
asons for reasons 1.4(b,d).

¶11. (SBU) SUMMARY: In advance of the July 27-28 GAERC meeting, Dutch Ministry of Foreign Affairs (MFA) officials briefed EMBOFFS on Dutch positions on the Swedish Presidency, the Baltic Sea Cooperation plan, Iceland, Somalia, Iran, and the EU Monitoring Mission (EUMM) in Georgia. Few concrete decisions will be come out of this exchange of views, and Iceland,s EU membership application will likely be the most sensitive issue for the Dutch. The Dutch are encouraging EU members to discuss tougher action against Iran and to develop a list of concrete steps that the EU would be willing to take. They are cautious about U.S. participation in the EUMM; while the Dutch welcome third country participation in principle, they recognize the sensitivities related to U.S. involvement in Georgia. The Dutch Permanent Representative to the EU, Ambassador Tom de Bruijn, will represent the Netherlands at the meeting. End summary.

SWEDISH PRESIDENCY

¶12. (SBU) According to Rochus Pronk, the MFA,s Deputy EU Correspondent, the Dutch agree with the priorities of the Swedish Presidency, which the Swedes will present at the GAERC. These include developing a common EU position for the G20 Pittsburg summit, being an ambitious leader at the climate change summit in Copenhagen, intensifying cooperation on Justice and Home Affairs (JHA) issues under the new Stockholm Program, combating illegal immigration through cooperative policies, and making progress on EU enlargement issues (particularly Croatia and Iceland). The Dutch view these goals as ambitious but realistic.

BALTIC SEA COOPERATION

¶13. (SBU) The EU Presidency and Commission will present a new plan for Baltic Sea Cooperation at the GAERC. The Netherlands strongly supports this, given its long maritime and trading history in the Baltics. The Dutch are especially pleased that the Commission,s plan involves working through and improving existing funding instruments, not creating new ones.

ICELAND

¶14. (SBU) Iceland,s EU membership application will likely be the most sensitive issue for the Dutch at this GAERC meeting.

On the one hand, the Netherlands salutes Iceland,s membership application; Pronk described Iceland as a &like-minded country& with a long history of democracy, as well as a strong NATO partner. Iceland already has &one

foot in the EU8 as a member of the European Economic Area (EEA), along with Norway and Lichtenstein. On the other hand, the Dutch remain concerned that Iceland is not fulfilling its EEA obligations, specifically the terms of the Directive on Deposit Guarantees. The specific issue is the Icelandic parliament's failure to ratify a 1.3 billion euro (USD 1.8 billion) loan from the Dutch Central Bank to the Government of Iceland (GOI). When Icesave, an Internet bank run by Landsbanki, one of Iceland's three top banks, failed in October 2008, over 120,000 clients in the Netherlands (and 300,000 in the UK) lost their savings. Under the terms of the EEA Directive, the GOI is required to repay each client up to 20,000 euro (USD 28,500). Because the GOI was unable to make all of these payments as a result of its own financial crisis, it signed a deal with the Dutch Central Bank to borrow 1.3 billion euro to reimburse the remaining Dutch clients of Icesave, and to repay the bank within 15 years. However, the Icelandic parliament has yet to ratify the loan; the vote may be delayed until September. The Dutch consider Iceland's actions in this case to be a key indicator of its dedication to EEA and more importantly EU fiduciary principles. According to Pronk, the Dutch are likely to block Iceland's EU membership application until the loan is approved. Dutch Foreign Minister Verhagen called his Icelandic counterpart on July 22 to convey this message.

SOMALIA

15. (SBU) According to Pronk, next week's meeting will

THE HAGUE 00000450 002 OF 002

include & an exchange of views on all aspects of Somalia.⁸ However, the GAERC will issue no formal conclusions. One issue for discussion will be whether to appoint an EU Special Representative to the region. The Dutch would support doing so, as long as the EU official's mandate did not overlap with those of the UN and African Union representatives. The Dutch also want a more effective and coherent mechanism to prosecute Somali pirates. Regarding support for the Transitional Federal Government (TFG) and the African Union Mission in Somalia (AMISOM), Pronk said that although the Dutch support the mandate of both organizations, no decisions on additional funding would be made at the GAERC. The Dutch agree that the TFG is weak and needs to be strengthened, particularly its ability to protect human rights in Somalia. Pronk added that the Swedish Presidency places great importance on Somalia, and this GAERC discussion signals the increased concern of EU Member States about the situation there.

IRAN

16. (SBU) Like Somalia, the GAERC is not expected to issue formal conclusions on Iran. The Dutch are unsure exactly how the Swedes will direct the lunchtime discussion on Iran. The Dutch expect the GAERC to agree not to send ambassadorial-level representatives to President Ahmadinejad's inauguration in August, but to send lower-level officials from the EU missions in Tehran instead. On the nuclear issue, the Dutch support our two-track approach and are encouraging other EU members to be ready to take action if Iran does not respond to overtures. The GAERC will not discuss concrete options at this meeting, but Pronk said the Dutch will use the meeting to encourage Member States to develop a list of such ideas.

GEORGIA

¶7. (C/NF) According to Carl Peersman, Head of MFA's Eastern Europe Division, accepting the U.S. as an active participant in the EUMM in Georgia is a very sensitive issue leading to a series of challenges. The EU would have difficulty saying no to other countries that would also want to be included" (such as Russia and Turkey); access to South Ossetia and Abkhazia would be harder to gain; and the Russians could misperceive U.S. intent. Peersman added that the Georgians did not help the situation when they publicly announced their request for U.S. participation.

¶8. (SBU) According to Pronk, the Dutch will support an expected formal extension of the EUMM in Georgia. Pronk said the Dutch encourage and welcome third country involvement, as they do in all EU missions, but they believe that all aspects and sensitivities of such involvement need to be weighed. A prime goal of the EUMM is to move into South Ossetia and Abkhazia quickly, and the Dutch do not want the involvement of third countries to slow that down. Pronk stated that although this has recently become a hot issue, the GAERC will issue no conclusions next week on third country participation because it is not on the formal agenda.

GALLAGHER